

FISCAL NOTE

HB 2394 - SB 2437

February 14, 2000

SUMMARY OF BILL: Eliminates sales and use tax from the base apportionment used to share state sales and use tax with county and municipal governments. Increases sales and use tax receipts allocated to the general fund from 29.0246% to 29.392%. Shifts distribution of sales and use tax collections under TCA 67-6-103(a) from incorporated municipalities to the general fund and continues the 1% share that is currently allocated to the University of Tennessee for the Municipal Technical Advisory Service. Reallocates 0.3674% from the department of revenue for administration and enforcement of sales and use tax to the general fund. Redirects revenues shared with Tourist Development areas under TCA 7-88-4 to the general fund. Prohibits Local Development Authority from designating the sales tax as a state shared tax and removes the sales tax from the current list of state shared taxes effective July 1, 2000. Removes the state sales tax from the base for purposes of tourist development under TCA 7-88-103. Removes the state sales tax from allocation to a municipality that builds a qualifying public use facility.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - \$203,049,000

Increase State Expenditures - \$25,000 One-time

Decrease Local Govt. Revenues - \$203,049,000

Estimate assumes the following:

- A one-time increase in state expenditures of approximately \$25,000 for MIS system changes.
- Estimated Sales and Use Tax revenue currently shared with local governments and tourist development areas in the amount of \$205,100,000 for FY 00-01 would be allocated as follows:
 - \$203,049,000 would be retained by the state.
 - \$2,051,000 would continue to be allocated to the University of Tennessee for the Municipal Technical Advisory Service.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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